Exhibit 14

What investors are being told about UFC debt - Bloody Elbow

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What investors are being told about UFC debt

The second of three articles looking at the UFC's finances. In part two, John S. Nash uses reports from various financial service companies to examine the UFC's debt.

By John S. Nash | Nov 3, 2015, 9:30am EST

For an in-depth look at the UFC's revenue see our previous article: ***"What investors are being told about UFC revenues."*** *Earning will be examined next week in part 3.*

To get a better understanding of the UFC's debt load, Bloody Elbow analyzed all the available published materials from Moody's, Standard & Poor's, Deutsche Bank, and Prospect News and consulted with a team of financial professionals to evaluate the reports.

★ MUST READS ★

What we know about UFC revenue

None of the documents reported on the UFC's liabilities before 2005, so we are forced to start our debt history with that year.

A consolidated statement for the years 2005 and 2006 from a Deutsche Bank historical financial summary shows little in the way of long-term liabilities at that time. As reported on Dec. 31, 2005, the company's current liabilities were $3.2 million, but none of it was for bank debt. By the end of the year of 2006, current liabilities had risen to $39.4 million, with $15 million of it being bank debt.

Liabilities and members' equity as of December 31[i]

	2005	2006
Bank debt	-	$15.0 million
Accounts payable	$683,000	$6.5 million
Due to related parties	$764,000	$1.5 million
Accrued expenses & other liabilities	$1.1 million	$10.3 million
Deferred income	$642,000	$6.1 million
Members' equity	$9.8 million	$20.6 million

In 2007, the UFC took out a $325 million term loan. Since then, the investment service companies Moody's and Standards & Poor's have regularly released credit reports offering details on each loan or loan add on while Prospect News has reported on terms for the interest rates. A recap of the UFC's loan history is given below.

UFC Loan History

In June, 2007, with Deutsche Bank operating as the lead bank, Zuffa LLC took out a $350 million credit facility which included a $325 million term loan and a $25 million revolver (a loan that can be drawn, repaid, and then drawn from again), priced at Libor (the London Interbank Offered Rate) plus 200 basis points (bps). [ii] Originally Zuffa had been asking for a $275 million term loan with the proceeds earmarked for a $199 million dividend payment, $75 million for the repayment of debt, and $1 million for expenses. [iii] Deutsche Bank estimates that the first year interest payments will be approximately $20 million. Following stronger than expected bank commitments for the term loan the amount was increased by $50 million. [iv] Amortization for the term loan was 1% annually until maturity in 2012, at which point the balance was due. The revolver was due in 2015. [v]

In October 2009, Deutsche Bank was the lead bank for a $100 million senior secured incremental term loan, priced at Libor plus 550 bps with a Libor floor of 2%.[vi] The loan was to be used to pay down the fully drawn revolving credit facility and fund a $70 million dividend.[vii]

In November 2010, Zuffa executed a $25 million add-on to its revolving credit facility, bringing the total available funds to $50 million.[viii] In February of 2012 they extended their revolving credit facility until 2015, with an addition of 25 bps to the existing terms.

In June 2012, Deutsche Bank was the lead bank for another add on, this time for $60 million which was used to pay down the revolving credit facility. Terms were set at Libor plus 550 bps with a Libor floor of 2%.[ix]

In February 2013, Zuffa replaced the existing debt with a 7-year $450 million term loan B and a new 5-year $60 million revolving credit facility.[x] The rate for the term loan was set at Libor plus 350 bps with a step down rate of Libor plus 325 bps if the debt-to-EBITDA leverage ratio was lower than 3.5x. A Libor floor of 1% was set for the Libor rate.[xi]

In March of 2014, Zuffa repriced and upsized their outstanding term loan to $475 million. The new rate was now Libor plus 350 bps with a Libor floor of 0.75%.[xii]

Loan	Principal	Interest	Use
June 2007 Term Loan	$325 million	Libor + 200 bps	Debts/special dividend

June 2007 Revolving Credit Facility	$25 million	25 bps unused fee	
October 2009 Incremental Term Loan	$100 million	Libor + 550 bps 2% Libor floor	Revolver/dividend
November 2010 Incremental Revolving Credit Facility	$25 million		Increase in revolver to $50 million
February 2012 put out maturity of Revolving credit	-	+25 bps to existing terms	Extend revolving credit until 2015
June 2012 Add On to Term Loan	$60 million	Libor + 550 bps 2% Libor floor	Repay revolving credit
February 2013 Term Loan	$450 million	Libor + 350 bsp (325 bps if leverage is 1% Libor floor	Credit facility to replace existing debt
February 2013 Revolving Credit Facility	$60 million		Replaces previous revolver
March 2014	$475 million	Libor + 300 bps 0.75% Libor floor	Repricing and upsizing existing loan

To help us understand Zuffa's debt in context, we looked at a couple of comparable businesses.

The **UFC's CEO Lorenzo Fertitta has admitted that the UFC modeled their business after the World Wrestling Entertainment, Inc (WWE)**, but nonetheless the two

companies seem to follow very different strategies when it comes to their use of debt. According to Moody's, the UFC's approximately $475 million in long-term debt has primarily been used to "fund acquisitions and dividends." In comparison, the **WWE had around $20 million** in long-term debt as of the First Quarter this year. Instead of using long-term loans to fund acquisitions and dividends, these are apparently financed with the WWE's much larger cash holdings or revolving line of credit.

★ MUST READS ★

UFC hit with major class-action lawsuit

A different sports property that appears to have followed a much more similar strategy to the UFC with regards to debt is the Ironman races. Last year the World Triathlon Corporation, the owners of Ironman, **took out a $220 million loan along with a $20 million revolver**. They are thought to have financed with the loan a large "cash-out' for their investors, giving them a tangible return on their investment.

Ironman was **sold for an estimated $650 million** this summer (plus an addition $250 million for that pre-existing debt). With **Forbes estimating the UFC's value at $1.65 billion** (the owners have pegged it's price much higher), their current debt load seems very much on par with that of Ironman.

As mentioned previously, the UFC has primarily used its debt to fund dividend payments to the owners and acquisitions. Of the $275 million it was originally asking for in 2007, $199 million was earmarked to fund a dividend to Zuffa, LLC's owners. For the $100 million 2009 incremental term loan, it was reported that $70 million of it would be used to fund a special dividend. In total $269 million is thought to have been paid out as dividends to the owners.

Acquisitions

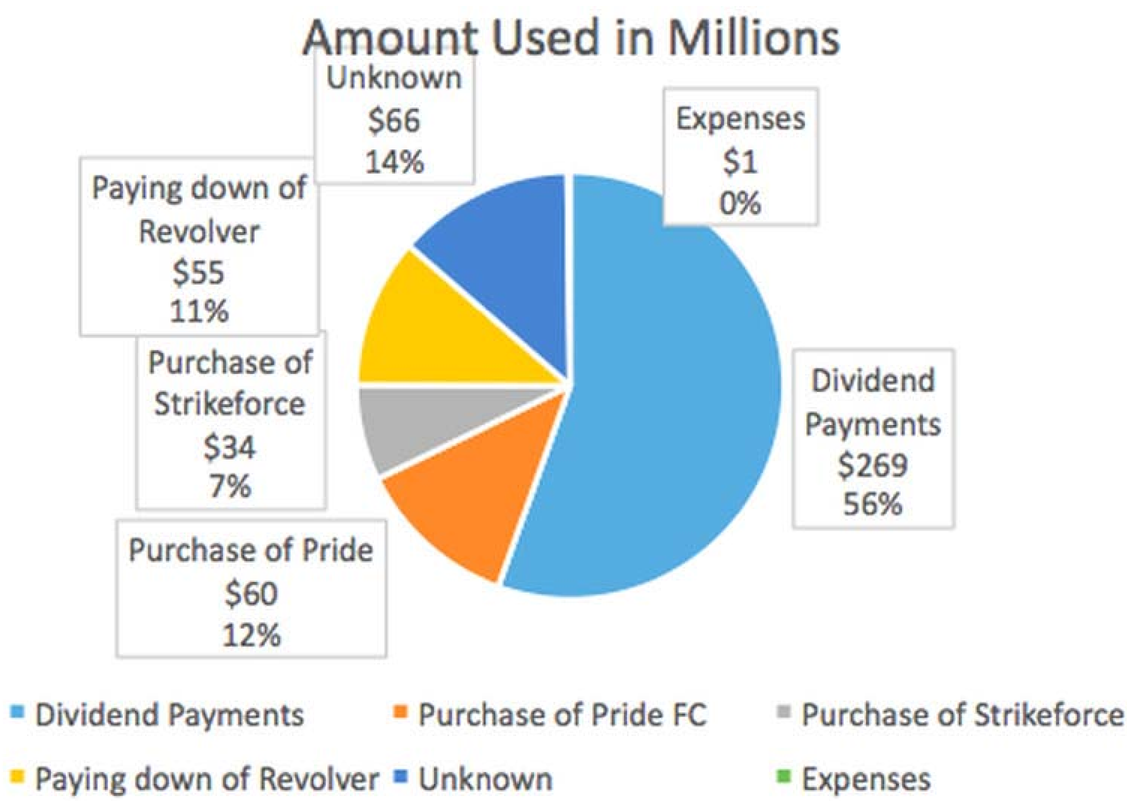
From the 2007 term loan, $75 million was earmarked to repay existing debt and was further noted that this was "pro-forma for the anticipated May 2007 closing of the PRIDE acquisition." With $15 million already outstanding on their pre-existing credit revolver (and assuming the UFC did not withdrawn any more in the intervening time), the price tag for the Pride Fighting Championships promotion was likely approximately $60 million.

According to the March 22, 2011 Moody's, the purchase of the Strikeforce promotion "was primarily funded using availability under the company's bank revolver which is now almost

fully drawn."

Zuffa is thought to have had "about $35 million of availability under its $50 million revolving credit facility" leading up to the purchase, and "only $1 million of availability under its $50 million revolving credit facility" shortly thereafter. The final price for Strikeforce was likely $34 million. While this amount would align with what several sources have told us, it would run counter to the loan's pledge protections that acquisitions were not to exceed a total of $30 million (excluding the 2007 acquisition of PRIDE).[xiii]

A breakdown of the UFC's use for its $485 million in term loans (this included the original $325 million term loan from 2007, the $100 million add on in 2009, and $60 million add on in 2012) shows that approximately 75% went into funding acquisitions and dividends.



BREAKDOWN OF TERM LOAN USES

Use	Amount
Dividend payments	$269 million

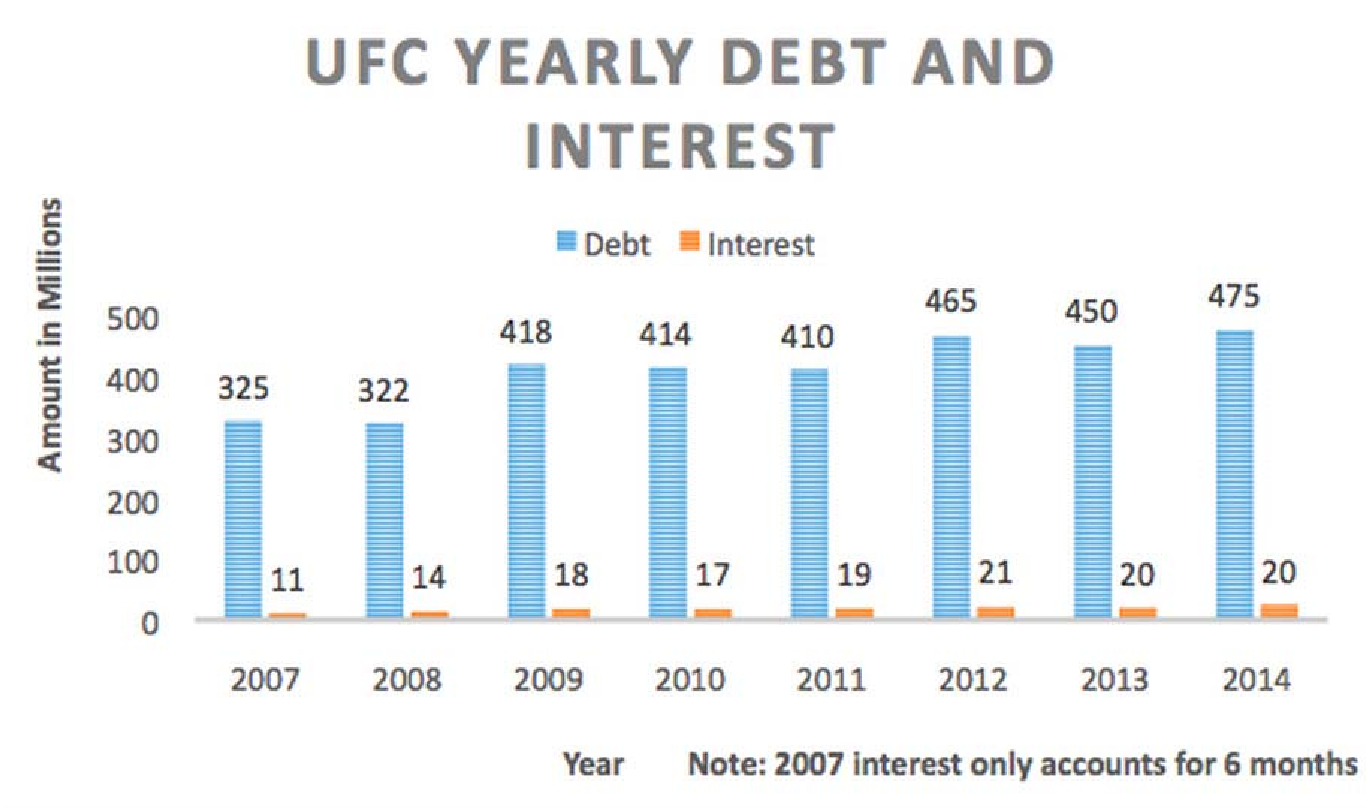
Purchase of Pride FC*	$60 million
Purchase of Strikeforce*	$34 million
Paying down Revolver	$55 million
Unknown	$66 million
Expenses	$1 million
TOTAL	$485 million

- To be more specific, the loan was used to repay debt accrued during the purchase of Pride FC and Strikeforce.

So what are these loans costing the UFC in interest payments per year? By comparing the reported amounts, interest rates, amortization rates, and some projected interest payments it's possible to arrive at fairly good estimates of their annual payments on the term loan. Interest payments on their revolver are more difficult with limited information on how much was withdrawn at any particular time, but because of the size of the revolving credit facility compared to the term loan our margin of errors should be within 5% (or roughly $1 million) of the amount given.

Based on the available information, since 2007 the UFC has averaged approximately $23 million a year in loan payments (amortization and interest combined).

Notes: Regarding the interest and amortization payments on the UFC's loans, for simplicity each financial year was assumed to begin on January 1 and end on December 31. All amounts were also rounded to the nearest million. The amount shown under the term loan column is the amount still outstanding, including add ons, at year's end. The 1% for the annual term loan amortization is deducted at the beginning of each year. The amount given for the revolver is the maximum available to their revolving credit facility at years end. The Libor rate (the London Interbank Offered Rate) given **is the 12-month rate for that calendar year**. Interest is calculated using the Libor (or the loan's Libor floor if it has dipped below) plus base points (bps).



Year	Out Term Loan	Revolver	1% Amortization	Libor	Interest
2007	$325m	$25m		4.8%	$11m (6 mo.)
2008	$322m	$25m	$3m	2.4%	$14m
2009	$418m	$25m	$4m	1.0%	$18m
2010	$414m	$50m	$4m	0.8%	$17m
2011	$410m	$50m	$4m	1.1%	$19m
2012	$465m	$50m	$5m	0.8%	$21m
2013	$450m	$60m	$5m	0.6%	$20m

2014	$475m	$60m	$5m	0.6%	$20m

While debt is an important measurement (as is revenue) when analyzing a company, it isn't the best one at determining a company's health. For that, it is suggested one looks at earning (or even better yet, profits). And this is what we'll be looking at in part 3 next week.

Special Thanks to Jacob Miller for the graphs and charts used here.

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[i] May 2007 Deutsche Bank, Condfidential Information Memorandum

[ii] Rosenberg, Sara, "Zuffa free to trade," Prospect News, 6/21/2007

[iii] May 2007 UFC Deutsche Bank Confidential Internal Memorandum

[iv] Moody's Investor Service, "Moody's affirms Zuffa. LLC's Ratings following increase in term loan 6/12/2007

[v] DeAscanis III, Guido "Zuffa LLC Outlook Revised to Negative; ‘BB' Corporate Credit, Other Ratings Affirmed," Standard & Poor's, 9/14/2007

[vi] Rosenberg, Sara, "Biomet up with numbers; HealthSouth slides; Zuffa sets pricing, breaks; Skype tweaks deal," Prospect News, 10/13/2009

[vii] Moody's Investor Service, "Credit Opinion: Zuffa, LLC," 12/02/11

[viii] Listner, Michael. "Zuffa LLC's Rating Raised to ‘BB' From "BBs" On Strong Operating Trends; Outlook Stable," Standard 7 Poor's, 12/20/2010

[ix] Rosenberg, Sara, "SMG breaks; HD Supply trades up with earnings; Ferrara Candy, Zuffa, Kronos revise deals," Prospectus News, 6/8/2012

[x] "Rating Action: Moody's assigns Ba3 rating to Zuffa's (Ba3 CFR) new bank debt;rating outlook changed to stable," Moody's Investors Service, 2/07/2013

[xi] Rosenberg, Sara, "Zuffa, AmWINS, Prestige Brands break; Revel bounces around on pre-packaged bankruptcy news,"Prospect News, 2/21/2013

[xii] Rosenberg, Sara, "Empire, United Continental, Zuffa, PVH, Spirit Aero break; Renaissance shifts on buyout," Prospect News, 3/14/2011

[xiii] Additional pledge protections include "capital leases not exceeding $15 million with an exception for the new headquarters building of up to $10 million; and non-guarantor debt basket shall not exceed $25 million or 20% of consolidated EBITDA." Moody's Investor Service, "Credit Opinion: Zuffa, LLC," 12/02/11